

FISCAL NOTE

SB 3009 - HB 3136

February 19, 2000

SUMMARY OF BILL: Taxes motor vehicles as tangible personal property. The tax would equal 1% of the actual value of the vehicle with a minimum tax of \$25 on each vehicle and is payable annually. Exempts purchasers of new or used passenger motor vehicles from payment of the tax for 12 months from date of such purchase, if the appropriate sales or use tax is paid on the vehicle. Allows the owner of a vehicle on which the tax has been paid who sells or otherwise transfers the vehicle to another during the 12-month period after payment of the tax, a pro-rata credit against any state sales tax due on a replacement vehicle. Requires the Commissioner of Safety to prepare an annual motor vehicle personal property tax statement to be sent to vehicle owners when registration notices are mailed. Beginning July 1, 2001, the Commissioner of Safety may, by regular mail, send notice of suspension of the motor vehicle registration if personal property taxes have not been paid in full within 30 days. Provides procedures for appeal.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - Exceeds \$238,364,500

**Increase State Expenditures - \$654,700 Recurring
\$600,900 One-Time**

Increase Local Govt. Expenditures - Exceeds \$100,000

Estimate assumes the following:

- An initial tax base of approximately \$33,045,000,000.
- Approximately \$7,954,000,000 in vehicle sales on which sales and use tax is paid and will thus not be subject to the tax in the first year.
- A net sales tax base of approximately \$25,091,000,000.
- A compliance rate of approximately 95% or \$23,836,450,000.
- A tax rate of 1% of the actual value of the vehicle would result in estimated collections of approximately \$238,364,500.
- An increase in state expenditures of approximately \$654,700 on a recurring basis and \$600,900 one-time that includes one-time cost of an estimated \$500,000 for automated systems development and implementation and 12 positions and related expenses in the Department of Safety to administer the bill.
- An increase in local government expenditures resulting from hiring additional staff person in some counties to handle the collection process.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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